

- *Hall Talks with Local Dealerships on Closed List, Sees no Justification for Closing* -
- *Hall Calls Closings Counterproductive to Economic Growth* -

*Goshen, NY* – After speaking with Hudson Valley Chrysler dealership owners who were on the recently released lists of local dealerships that will be forced to close by Chrysler and General Motors, U.S. Rep. John Hall (D-Dover) says there is no apparent rationale for why local dealerships are on the list. Hall has urged President Obama's Presidential Task Force on the Auto Industry to get GM and Chrysler to revisit the issue.

Congressman Hall has spoken this week with the owners of the Hudson Valley dealerships who have had their franchise agreements revoked by Chrysler.

"The dealership owners I have talked with are turning profits and continuously adding to Chrysler's bottom line," said Congressman Hall. "There is no apparent justification or criteria for why they are getting cut. At this point in time when we are trying to create jobs and revive our economy, the cutting of these dealerships and the resulting job losses are counterproductive to the economic growth and development America needs."

Five Chrysler dealerships in Hall's district would be affected, as well as many others across the Hudson Valley. At least one General Motors dealership has been confirmed as closing so far. Nationally, General Motors plans on shutting down 1,100 dealerships, while Chrysler plans to drop 789.

"Each auto dealership is a vital member of our community here in the Hudson Valley," Hall said. "The dealers that I spoke to employ 30 to 40 people each. And these dealerships are profitable. Shutting them down will create a detrimental ripple effect throughout our local economy."

Auto dealerships create, on average, 52 jobs in their communities. These jobs pay about twice the national average retail salary. Auto dealers are one of the largest private sector employers in the country. If all of the proposed shut-downs are implemented, approximately 150,000 will be put out of work.

"There is clear evidence of the damage that these closings will have in the Hudson Valley, but there is no evidence that closing these dealerships would make any difference in preventing the collapse of the American auto industry." Hall added. "Dealerships are profitable and contribute to both the local economy and produce about 90% of GM and Chrysler's revenue. These cuts will have the converse effect of reducing GM and Chrysler's revenue and market share at the exact moment they need to aggressively move forwards."

The full text of Hall's letter to the Presidential Task Force on Autos is below.

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May 15, 2009

The Honorable Steven Rattner  
Counselor to the Secretary of the Treasury  
United States Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Mr. Rattner:

We are writing to express our serious concerns regarding the decision by the Auto Industry for the rapid and potentially disorderly elimination of thousands of Chrysler and General Motors dealerships. This action, if implemented, could put approximately 150,000 people out of work. Since these dealer reductions and its ripple effects would have a serious and adverse impact on the United States, we would like to ask you to inquire with the companies about their rationale for revoking franchise agreements with thousands of dealerships.

To justify these job losses, GM and Chrysler are apparently relying on a misperception that new car dealers create a cost burden to auto manufacturers. This is not true, on average reportedly almost all of an automaker's revenue comes from dealers purchasing the automakers' vehicles. Far from saving money, a rapid reduction in dealerships could very likely reduce GM's and Chrysler's revenue and market share.

Automobile dealers are one of the largest private sector employers in the United States, providing tens of thousands of local jobs and contributing millions of dollars in tax revenues to states. Auto dealers are anchors in communities throughout the country and many times ownership is passed down from generation to generation. In addition many auto dealerships are minority owned and have traditionally provided strong local community support. Each dealership creates an average of 52 neighborhood jobs and these positions typically pay twice the national average as other retail-sector jobs. Dealers have invested about \$233 billion to create an auto sales network that provides a vast distribution and service channel for consumers. In fact, automakers created the franchise dealer network specifically to lower their costs, as they outsource virtually all costs associated with selling and servicing cars.

Last year, over a thousand auto dealers closed their doors for good. Further thinning of the dealer ranks through normal market, dealer-driven consolidation, and other forces is inevitable. The action being proposed has not taken into effect the impact on communities and workers, and without any evidence that massive and immediate dealer reductions are necessary to restore the financial health of GM and Chrysler.

We appreciate the enormity of the mission your Task Force has undertaken to help the auto industry. However, we are concerned the reduction of dealerships, at a time when the national unemployment rate is rising, is counterproductive policy. We respectfully request that the Auto Task Force urge the companies to provide more transparency and justification on forced

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dealership closures, revisit their decision and consider the damaging effects on local communities.

Sincerely,

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John Hall  
Member of Congress

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Daniel B. Maffei  
Member of Congress

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Christopher Lee  
Member of Congress

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Chris Van Hollen  
Member of Congress

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Betty McCollum  
Member of Congress

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Alan Grayson  
Member of Congress

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Michael E. McMahon  
Member of Congress

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Sue Wilkins Myrick  
Member of Congress

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Mark H. Schauer  
Member of Congress

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Leonard Lance  
Member of Congress

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Dan Burton  
Member of Congress

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Suzanne M. Kosmas  
Member of Congress

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Marcia L. Fudge  
Member of Congress

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Joe Courtney  
Member of Congress

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Mary Jo Kilroy  
Member of Congress

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Peter Welch  
Member of Congress

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Chet Edwards

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Eric J.J Massa

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Member of Congress

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Carolyn B. Maloney  
Member of Congress

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Joseph Crowley  
Member of Congress

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Bill Posey  
Member of Congress

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Neil Abercrombie  
Member of Congress

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Earl Pomeroy  
Member of Congress

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Mike D. Rogers  
Member of Congress

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Jo Ann Emerson  
Member of Congress

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Paul C. Broun  
Member of Congress

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Member of Congress

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Gene Green  
Member of Congress

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Michael Michaud  
Member of Congress

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David Scott  
Member of Congress

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Tom Perriello  
Member of Congress

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Artur Davis  
Member of Congress

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Ron Klein  
Member of Congress

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Erik Paulson  
Member of Congress

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Bill Pascrell, Jr.  
Member of Congress

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John M. McHugh  
Member of Congress

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Member of Congress

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Charles A. Wilson  
Member of Congress

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Joe Baca  
Member of Congress

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Bobby Bright  
Member of Congress

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Stephan Lynch  
Member of Congress

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Ben Ray Lujan  
Member of Congress

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Brian Higgins  
Member of Congress

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Loretta Sanchez  
Member of Congress

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Michael Arcuri  
Member of Congress

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Steve Kagen  
Member of Congress

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Timothy J. Walz  
Member of Congress

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Parker Griffith  
Member of Congress

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Andre Carson  
Member of Congress

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Paul Hodes  
Member of Congress

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Ron Kind  
Member of Congress

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Frank Pallone, Jr.  
Member of Congress

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Aaron Schock  
Member of Congress

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David Wu  
Member of Congress

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Robert B. Aderholt  
Member of Congress

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Todd W. Akin  
Member of Congress

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Jim Gerlach  
Member of Congress

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Blaine Luetkemeyer  
Member of Congress

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Adam Schiff  
Member of Congress

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Peter Hoekstra  
Member of Congress

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Dina Titus  
Member of Congress

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David Loebsack  
Member of Congress

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Corrine Brown  
Member of Congress

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Bill Foster  
Member of Congress

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Doc Hasting  
Member of Congress

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Jo Bonner  
Member of Congress

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John Shimkus  
Member of Congress